

DSCF STANDARD MAIL LOAD LEVELING

INDUSTRY WEBINAR

OPENING COMMENTS

PATRICK R. DONAHOE

Postmaster General and CEO

LOAD LEVELING BACKGROUND

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP

SOUTH JERSEY TEST AND RESULTS

DAVID WILLIAMS

Vice President, Network Operations

TIMELINE OF EVENTS / NEXT STEPS

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP

QUESTIONS / ANSWERS

DAVID WILLIAMS

Vice President, Network Operations

CLOSING COMMENTS

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP

- ❑ **Disproportionate amount of Standard Mail is scheduled for delivery on Monday resulting in:**
 - **Service Variability**
 - **Operational Inefficiencies**
 - **Increased Cost**

SCOPE OF LIMITED CHANGE

DELIVERY DAYS MEETING SERVICE STANDARD		
DSCF Standard Mail** Dropped Before 4pm* on	Current	Proposed
Thursday	Friday, Saturday, Monday	Friday, Saturday, Monday
Friday	Saturday, Monday	Saturday, Monday, Tuesday
Saturday	Monday, Tuesday	Monday, Tuesday, Wednesday
Sunday	Monday, Tuesday, Wednesday	Monday, Tuesday, Wednesday

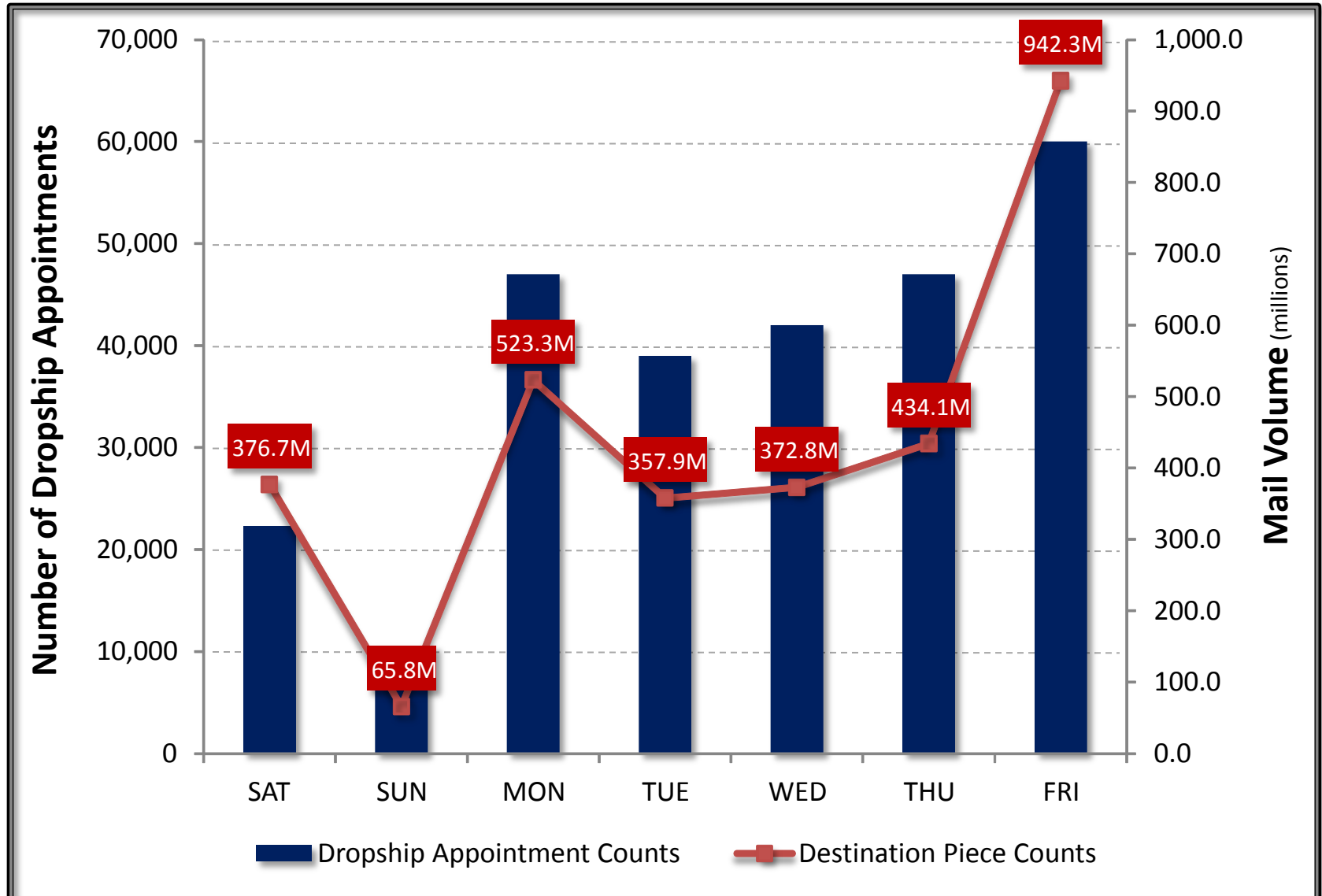
*The current Critical Entry Time (CET) for Standard mail is 4 pm

**For delivery in the continental United States

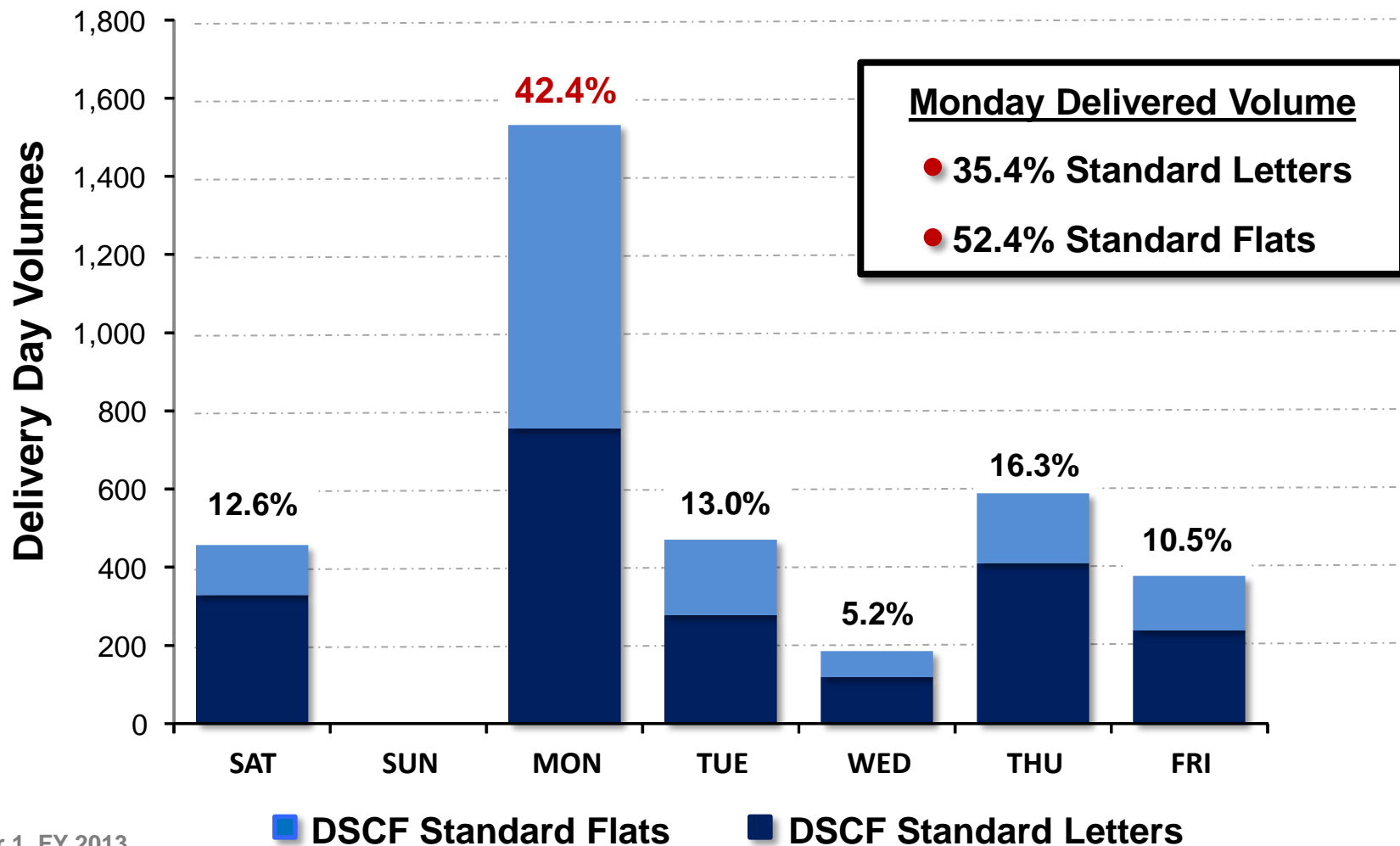
WHAT DOESN'T CHANGE

- ☐ **Standard mail dropped at a DDU does not change**
- ☐ **Standard mail dropped at a NDC does not change**
- ☐ **EDDM-Retail does not change**
- ☐ **Periodical/Newspaper processing does not change**
- ☐ **First-Class does not change**
- ☐ **Priority does not change**

FY13 Qtr 1 All Dropship Appointments / Vol for Full Service IMb Standard Mail

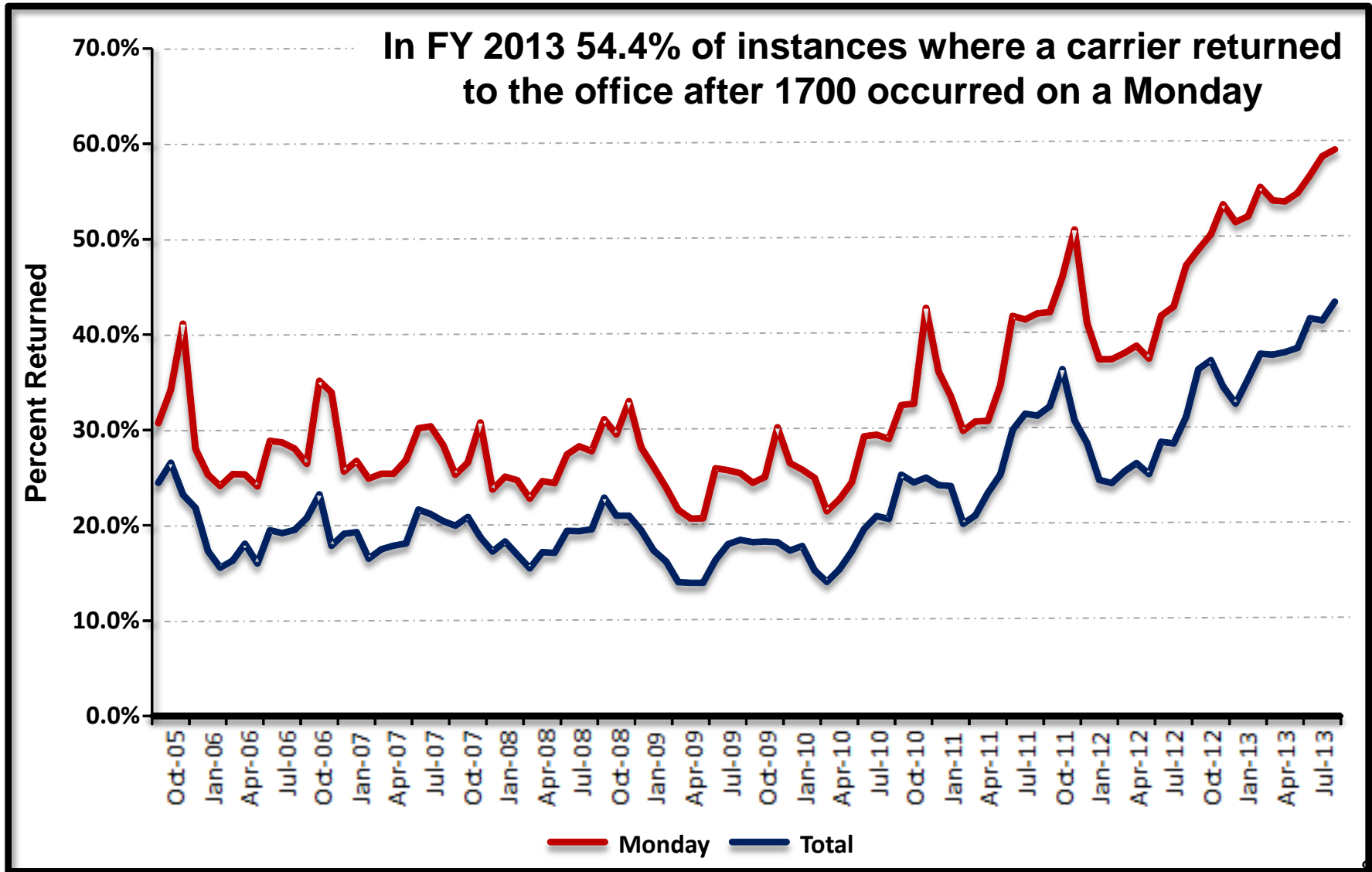


Impact on Delivery – Average % of Standard Mail Delivered by Day



Qtr 1, FY 2013

Percentage of City Carriers Returning After 1700



Disproportionate Monday workload not only results in late delivery and added costs, it also impedes our ability to meet critical 24 hour clock parameters resulting in:



- ☐ **Late processing**
- ☐ **Late / missed transportation**
- ☐ **Additional processing / transportation costs**
- ☐ **Service failure**

USPS - Industry Workgroup #157

- ❑ Develop strategies that will facilitate the load leveling of volumes across the days of a week
- ❑ Evaluate strategies for potential adoption and implementation

Industry Participation

- | | |
|---------------------|---------------------------------|
| ▪ Bank of America | ▪ Mystic Logistics |
| ▪ Brown Printing Co | ▪ Our Sunday Visitor |
| ▪ Calmark Group | ▪ Parcel Shippers |
| ▪ Conde Nast | ▪ Pitney Bowes Presort Services |
| ▪ Data-Mail Inc. | ▪ Publisher's Clearing House |
| ▪ Farrington | ▪ Quad Graphics |
| ▪ Grayhair Software | ▪ RR Donnelley |
| ▪ Harte Hanks | ▪ Valassis |
| ▪ Intelisent | ▪ World Marketing Inc |

□ Options Identified/Evaluated

- Eliminate Sunday as a day of measurement
- Change Critical Entry Times for selected day of week
- Add an additional day to service standard for mail entered on Thursday after 1600 CET, Friday or Saturday
- Commissioned a two week operational study

SOUTH JERSEY LOAD LEVELING TEST

Scope: Evaluate the impact of load leveling the Standard Mail volumes received at the South Jersey P&DC across the days of the week.

Test Location – South Jersey P&DC
(First Lean Mail Processing Plant)

Test Period – Sep 12th through Sep 26th, 2013

Delivery Zones Participating: 110

Delivery Routes Participating: 1,190

Standard Mail Volume in Evaluation: 5.3M pieces



Load Leveling Standard Mail Test



LOAD LEVELING COLOR TEST		
TEST PERIOD 8/11 16:00 TO 9/25 16:00		
TEST TEMPORARY STANDARD MAIL COLOR CODE		
DESTINATING AADC, ADC, SCF 3-DIGIT, 5-DIGIT, CRT DELIVERY MATRIX		
DAY OF RECEIPT	COLOR CODE APPLIED	THREE DAY DELIVERY
SAT	GREEN	WED
SUN	GREEN	WED
MON	VOLET	THU
TUE	YELLOW	FRI
WED	PINK	SAT
THU	BLUE	MON
FRI	ORANGE	TUE

- Trained Expeditors, Mail Handlers on new color code matrix
- Changed all Signage
- Developed comprehensive plan with local site to segregate mail by color code, stage at plant
- Strict adherence to machine schedules allowed us to control what mail was advanced by sort program

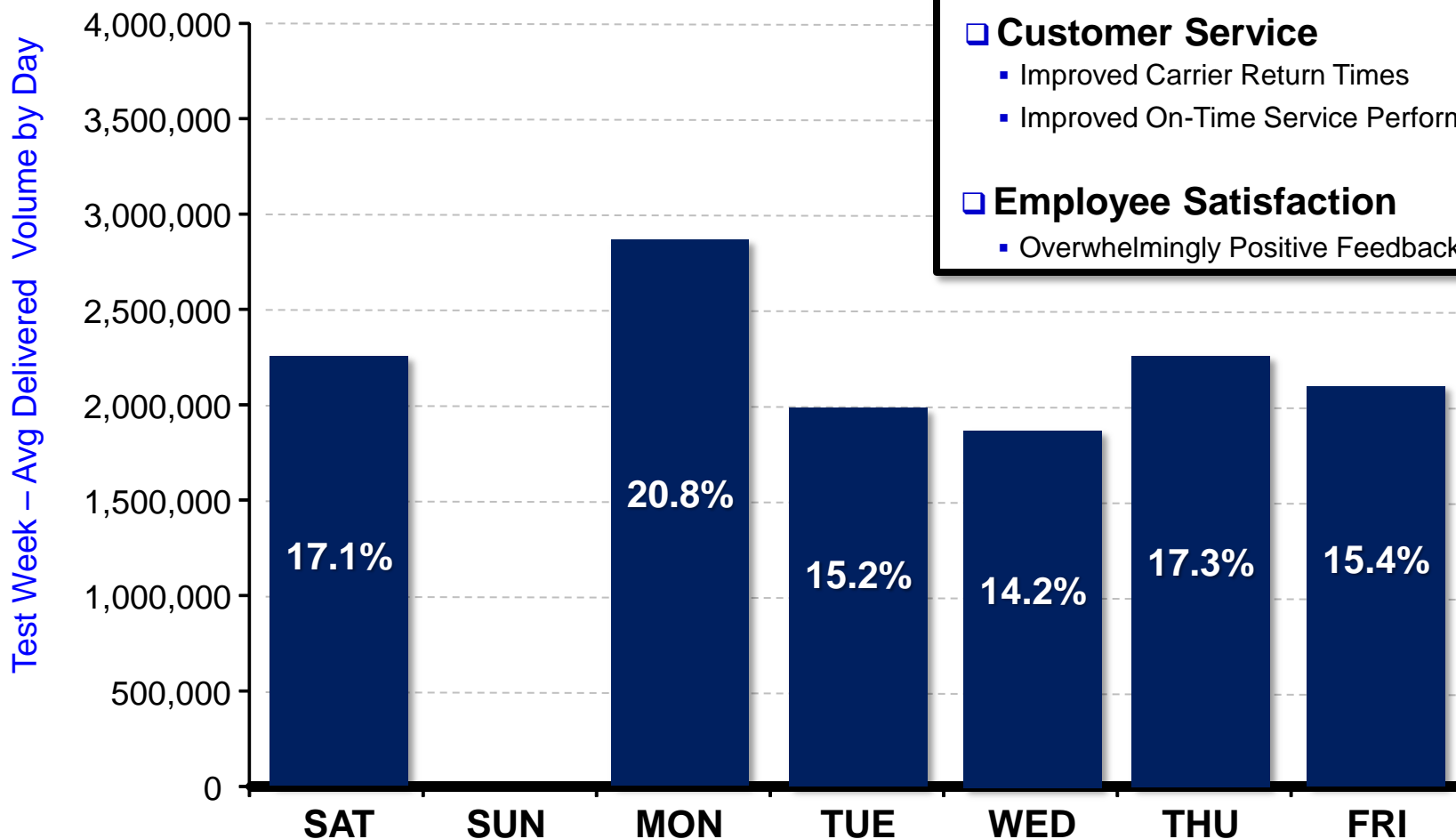


- Mail was staged on the floor and in trailers
- Used signage and caution tape to inhibit accidental induction of the standard on the wrong day

SOUTH JERSEY LOAD LEVELING TEST

OPERATIONAL TEST RESULTS

South Jersey P&DC Sep 14th – 20th



Efficiency

- Reduced Total Weekly Carrier Work Hours
- Reduced Carrier OT and Penalty OT

Customer Service

- Improved Carrier Return Times
- Improved On-Time Service Performance

Employee Satisfaction

- Overwhelmingly Positive Feedback

□ Efficiency

- Reduced Total Weekly City Carrier Work Hours
 - 4.9% reduction vs Baseline Period
- Reduced Carrier Overtime and Penalty Overtime Usage
 - 35.1% reduction vs Baseline Period

□ Customer Service

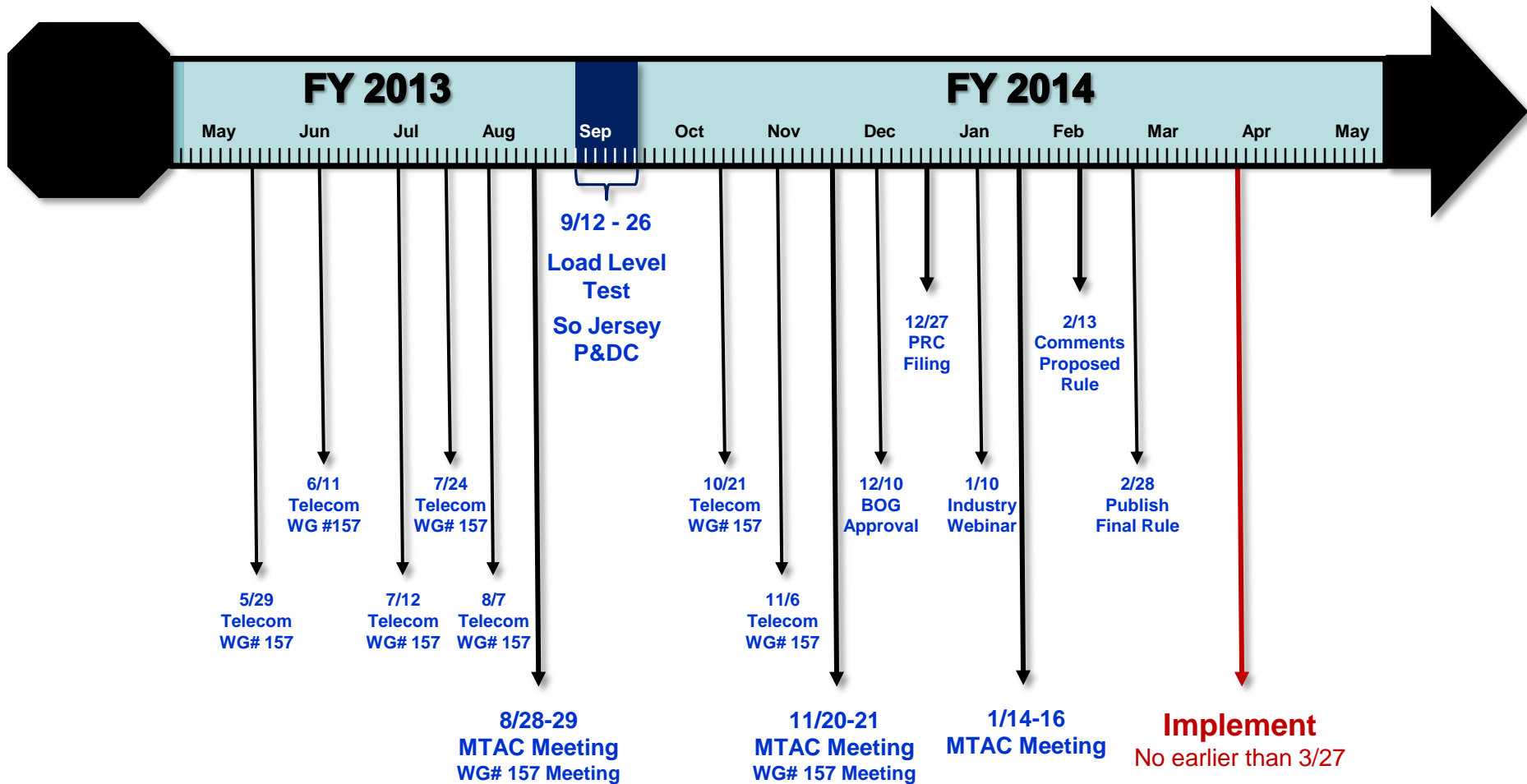
- Improved Carrier Return Times
 - 74% reduction in Monday's carriers returning after 1700
- Improved On-Time Service Performance
 - 96.00% on-time performance achieved

□ Employee Satisfaction

- Overwhelmingly positive feedback
 - Management and Craft

TIMELINE OF EVENTS AND NEXT STEPS

Load Leveling Initiative Timeline of Events



- ❑ Continue Stakeholder Engagement
- ❑ Add Additional Sites to Test Implementation Approach
- ❑ Review Comments to Proposed Rule – Feb 13, 2014
- ❑ Publish Final Rule: February 28, 2014
- ❑ Receive PRC Advisory Opinion
- ❑ Implement Change no Earlier Than March 27, 2014

USPS - INDUSTRY COLLABORATION



Commitment to Communicate

- ❑ **Provide Easy Access to Information and FAQs Updated Weekly on RIBBS**
- ❑ **industryfeedback@usps.com**
- ❑ **Committed to Collaboration/Communication**

SUCCESS REQUIRES COLLECTIVE EFFORT

Expected Long Term Benefits

- ☐ **Predictable Service**
- ☐ **Customer Satisfaction**
- ☐ **Cost Containment**

QUESTIONS / ANSWERS

Frequently Asked Questions / Concerns

- ☐ **Anticipated level of costs savings**
- ☐ **“Early delivery” of mail entered on Thu/Fri/Sat**
- ☐ **Predictability of mail delivery**
- ☐ **5 Day Delivery implications**
- ☐ **Staging of mail in trailers**



Thank You

**If you have additional questions please
submit to: industryfeedback@usps.com**